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James A. Carder
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MEMORANDUM

TO: State Agencies

FROM: OA/Accounting

DATE: March 8, 2004

RE: Fixed Assets Purchases for Other State Agencies

Several agencies have encountered problems when buying fixed assets that will be given to another state agency. A new policy is being established on how to correctly handle these issues.

When an agency is purchasing an asset for another agency and/or a different funding source is desired for recording the fixed asset within the fixed asset subsystem, the buying agency must use object code 2675, Other Fixed Assets, and not enter a FA type on the PV document. This will cause the transaction to be recorded as an expense/expenditure (account type 22) on the SAM II General Ledger. The receiving agency must record the asset on a journal voucher (JV) using revenue source code 1504, Donated Assets-State Agencies. They must also manually generate and complete a fixed asset acquisition (FA) document to enter the asset into the fixed asset subsystem.

Example: The Department of Mental Health buys an asset during the current fiscal year that will be given to the Department of Elementary and Secondary Education.

Mental Health completes a payment voucher (PV) document using object code 2675 and fund number XXXX. Object code 2675 will not be designated as a fixed asset object code, will not create a fixed asset shell, and will not post the asset balance to the general ledger. The purchasing agency is also **responsible** for supplying the receiving agency with the payment voucher number that purchased the fixed asset as well as other cost related information.

Elementary and Secondary Education receives the asset and wishes to record it in a different fund because they do not have spending authority from fund XXXX. They must complete a JV using fund YYYY with a debit to the asset (balance sheet account 1700-1730, account type 01), and a credit to revenue source code 1504 (account type 31) to load the asset to the general ledger. They must also complete a manual FA document to enter the asset into the fixed asset subsystem.

It is **imperative** that the JV be completed when an asset is received from another state agency. The original payment voucher number **must** be listed in the description field of the journal voucher. Both the JV and the FA must be completed or it will cause the system to be out of balance and understated for both fixed assets and depreciation.

If the purchase of the fixed asset happened in a prior fiscal year, a JV will need to be processed to debit prior year retained earnings (BS 3265) and credit the appropriate balance sheet account for the agency that purchased the fixed asset. A FA cancellation will also need to be done if the asset was entered into the fixed asset subsystem and the fund is now needing to be changed. The receiving agency must do a JV to debit the appropriate balance sheet account for the fixed asset and credit prior year retained earnings (BS 3265). The asset must also be entered into the fixed asset subsystem using a FA document if it wasn't previously entered or if a FA cancellation was done for it.

A fixed asset transfer document (FT) must be used when a fixed asset is transferred from one agency/organization to another agency/organization **within the same fund** even though the agency is not the same.

These new procedures will be effective immediately. The Policies and Procedures will be updated online as soon as possible. If you have any questions or need assistance, please contact the Office of Administration – Division of Accounting's Financial Reporting Unit. The e-mail address is OASAMIIFIXEDASSETS@oa.mo.gov or from within SAM II the User ID is OK104.

PF:vs/Fixed Assets/Purchases for Other Agencies